

Message Text

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64

ACTION ARA-10

INFO OCT-01 ISO-00 FEA-01 AEC-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-01 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03

SP-02 SS-15 STR-01 TRSE-00 FRB-03 PA-01 USIA-06

PRS-01 IO-10 /099 W

----- 112251

R 111921Z FEB 75

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 4397

INFO AMEMBASSY ASUNCION

AMEMBASSY BOGOTA

AMEMBASSY BRASILLIA

AMEMBASSY BUENOS AIRES

AMEMBASSY CARACAS

AMEMBASSY GEORGETOWN

AMEMBASSY GUATEMALA

AMCONSUL GUAYAQUIL

AMEMBASSY KINGSTON

AMEMBASSY LA PAZ

AMEMBASSY LIMA

AMEMBASSY MANAGUA

AMEMBASSY MEXICO

AMEMBASSY MONTEVIDEO

AMEMBASSY PANAMA

AMEMBASSY PORT OF SPAIN

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY SANTIAGO

AMEMBASSY SANTO DOMINGO

AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L QUITO 1007

E.O. 11652: GDS

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TAGS: ENRG, ECIN, EC

SUBJ: OLADE READY TO GO

1. TECHNICAL LEVEL DELEGATES FROM TWENTY-TWO LATIN AMERICAN COUNTRIES (INFO ADDRESSEE COUNTRIES PLUS CUBA) MET IN QUITO FEBRUARY 3-7 TO PREPARE FOR THE NEXT AND FIFTH MEETING OF MINISTERS OF THE LATIN AMERICAN ENERGY ORGANIZATION (OLADE) IN JAMAICA ON FEBRUARY 24. THE OLADE TREATY WHICH WAS SIGNED IN LIMA NOVEMBER 2, 1973, CAME INTO FORCE ON DECEMBER 18, 1974, WITH THE DEPOSIT OF THE TWELFTH RATIFICATION. THIRTEEN COUNTRIES HAVE FORMALLY RATIFIED THE TREATY SO FAR: ECUADOR, JAMAICA, TRINIDAD-TOBAGO, GUAYANA, BOLIVIA, BRAZIL, PERU, CHILE, DOMINICAN REPUBLIC, CUBA, URUGUAY, HONDURAS, AND PANAMA.

2. SINCE ITS LAUNCHING IN VENEZUELA IN 1972, OLADE HAS SEEMED ALWAYS TO BE IN THE PROCESS OF BECOMING, NEVER QUIT IN BEING. HOWEVER, IN ORGANIZATION AT ANY RATE IT IS MOVING FORWARD. THE QUITO DELEGATES NAMED ECUADOREAN HERNAN ESCUDERO AS INTERIM EXECUTIVE SECRETARY PENDING THE MINISTERS' CHOICE. THEY ALSO RECOMMENDED THAT THE QUITO SECRETARIAT, WHOSE LEADERS WOULD BE NOMINATED IN APRIL, SHOULD BE FLESHED OUT WITH DEPARTMENTS OF COORDINATION, LAW, ECONOMICS, TECHNICAL AFFAIRS, INFORMATION AND ADMINISTRATION. THE MINISTERS WILL BE ASKED TO FIX APPORTIONMENT OF DUES AMONG THE MEMBERS.

3. WHAT REMAINS UNDECIDED IS WHETHER OLADE WILL BE ESSENTIALLY A CLEARINGHOUSE FOR COORDINATION AND INFORMATION OR WILL HAVE OPERATING AND PROJECT FUNCTIONS AS WELL. ECUADOR'S MINNATRES SALAZAR SOUGHT TO FORCE THIS ISSUE AT THE OUTSET BY PROCLAIMING AN URGENT NEED FOR THE MEETING TO RECOMMEND TO THE MINISTERS A LATIN AMERICAN ENERGY BANK TO FINANCE CONVENTIONAL AND NON-CONVENTIONAL ENERGY DEVELOPMENT FREE OF THE RESTRAINTS AND PRESSURES OF OTHER INTERNATIONAL FINANCIAL INSTITUTIONS. AFTER CONSIDERING THE MATTER IN CLOSED SESSION THE DELEGATES FINALLY REPORTED OUT A RECOMMENDATION THAT FINANCIAL AIMS AND PROGRAMS SHOULD BE STUDIED IN MORE DETAIL BY THE YET TO BE ORGANIZED SECRETARIAT.

4. POSSIBLY VENEZUELA WAS COOL TOWARD THE ENERGY BANK WHICH IT WOULD DOUBTLESS HAVE TO FUND IN LARGE PART. IN HIS OWN REMARKS TO THE CONFERENCE FOLLOWING IMMEDIATELY THE ECUADOREAN MINISTER, CONFIDENTIAL

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VENEZUELAN DELEGATE FRANCISCO GUITIERREZ, IN CAREFULLY CHOSEN WORDS, CALLED UPON THE DELEGATES TO MAKE (ONLY) DECISIONS THAT WOULD ORIENT THE MINISTERS TO "FAIR, REALISTIC, AND APPLICABLE FORMULAS." IN PROPOSING A BANK, ECUADOR AS A SMALL PETROLEUM EXPORTER AND LESSER DEVELOPED COUNTRY WOULD PROBABLY EXPECT TO CONTRIBUTE A TOKEN AND BE THE RECIPIENT OF SOME MULTIPLE OF ITS CONTRIBUTION.

5. THERE WAS NO PUBLIC OR PRESS INDICATION OF PETROLEUM EXPORTER/IMPORTER CONFLICT DURING THE MEETING. YET THIS POTENTIAL DISSENSION OBVIOUSLY HANGS OVER AN ORGANIZATION LIKE OLADE. A YEAR AGO SOME IMPORTING MEMBERS SAW IN OLADE A VEHICLE FOR OBTAINING GUARANTEED SUPPLIES OF PETROLEUM AT DISCOUNT PRICES. THE EXPORTERS WERE UNRECEPTIVE AND LEFT THE IMPORTERS TO MAKE BILATERAL AND COMMERCIAL DEALS AS BEST THEY COULD.

6. NONETHELESS, OLADE'S POTENTIAL FOR CONFLICT AND FOR EMBARRASSING EXPORTERS MAY PARTLY EXPLAIN THE ECUADOREAN HOSTS' USE OF OVERKILL IN OPENING AND CLOSING THE QUITO MEETING WITH ELABORATE DENUNCIATIONS (PRACTICALLY THE SAME SPEECH TWICE) NOT ONLY OF INDUSTRIALIZED COUNTRIES CURRENT THREATS AND BLAME AGAINST CERTAIN LDCS FOR DEFENDING THEIR NATURAL RESOURCES BUT ALSO OF THE WHOLE UNJUST ECONOMIC STRUCTURE OF A WORLD OF INDUSTRIALIZED COUNTRIES LIVING HIGH ON RANK EXPLOITATION OF THE LDCS (QUITO 0890 NOTAL). ALTHOUGH SUCH BROADSIDES SUGGEST PROTESTING TOO MUCH, THE HOSTS MAY HAVE THOUGHT TO DETER OTHER DELEGATES FROM SPEAKING OUT FOR CONSUMER INTERESTS. TO APPEARANCES, THEY SUCCEEDED.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975QUITO01007
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750050-0294
From: QUITO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750253/aaaabvwx.tel
Line Count: 135
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 03 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 SEP 2003 by ShawDG>; APPROVED <04 SEP 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OLADE READY TO GO
TAGS: ENRG, ECIN, EC, XM, OLADE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006